
Margin Securities (Regulation U) Program

Examination Objectives

To determine that the savings association has procedures in place to comply with Regulation U.

To determine that the savings association is in compliance with the registration, reporting, and lending requirements of the regulation.

Examination Procedures

Level I

Wkp. Ref.

1. Ascertain whether the savings association is subject to Regulation U. Determine whether the savings association has recently registered or deregistered.

2. Ascertain whether the savings association has procedures in place to maintain accurate records and ensure compliance with the reporting, lending limitation, and withdrawal requirements of the regulation.

3. Ascertain whether the savings association's internal audit program provides adequate coverage to monitor Regulation U. Ensure that the internal audit system regularly monitors data collection, reporting requirements, and lending restrictions.

4. Review Level II procedures and perform those necessary to test, support, and present conclusions derived from performance of Level I procedures.

Level II

5. If the savings association recently deregistered, verify that the savings association was eligible to deregister.

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6. Ascertain the accuracy of the two most recent annual reports (FR-G4).

7. Determine whether the savings association corrected previous violations.

8. Review a sample of loan files for margin-stock-secured credits to check that loan purpose statements exist and that the credits are within margin-stock-credit limitations. Review a sample of loans to savings association service corporations that serve as broker-dealers to determine if such loans qualify as *special purpose loans* to brokers and dealers (12 CFR 221.5).

9. Ensure compliance with the Objectives of this Handbook Section. State your findings and conclusions, as well as appropriate recommendations for any necessary corrective measures, on the appropriate work papers and report pages.

Level III

10. Determine if an improper registration or deregistration exists. Determine if all organizations required to register did so. Report exceptions to the regional director who will then contact the appropriate Federal Reserve Bank.

Examiner's Summary, Recommendations, and Comments

Exam Date: _____

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